

UNC Workgroup 0451 Minutes Individual Settlements For Pre-Payment & Smart Meters

Tuesday 02 July 2103

Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Andrew Margan	(AM)	British Gas
Colette Baldwin	(CB)	EON UK
David Addison	(DA)	Xoserve
Elaine Carr*	(EC)	Scottish Power
Hilary Chapman	(HCh)	Xoserve
Huw Comerford	(HC)	Utilita
Jon Dixon*	(JD)	Ofgem
Jonathan Kiddle	(JK)	EDG Energy
Mark Jones	(MJ)	SSE
Stephanie Shepherd	(SS)	RWE npower

* via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0451/020713

Urgent Timetable

Process	Date
Additional Meeting (provisional)	17 July 2013
Additional Meeting	23 July 2013
Workgroup conclude report – rescheduled to 31 July 2013	25 July 2013
Workgroup conclude report	31 July 2013
Panel consider report, issue for consultation	15 August 2013
Consultation closes	09 September 2013
Panel provide recommendation and submit report to Authority	19 September 2013
Authority decision	By 01 October 2013

1.0 Review of Minutes and Actions

1.1 Minutes

HC believed AM had indicated that British Gas had produced some information internally but were unwilling to share this - but this had not been recorded. AM explained that some internal data had been produced that British Gas would be willing to share with Ofgem but, having considered the data in more detail, he was uncertain of its suitability and compatibility with this modification. He confirmed the reluctance to share internal data is due to its commercial sensitivity.

The previous minutes were then approved.

1.2 Actions

0451/001b: Xoserve to provide data on low consuming customers from EUC Band 1B Update: FC referred to a presentation provided to the Demand Estimation Sub-committee (DESC) in February 2012, providing details on load factors and weather sensitivity for different consumption bands. AM questioned whether the data demonstrates that all SSP

sites are potentially over allocated. FC confirmed that, based on a small sample for one LDZ, there was no evidence that low consuming credit meters and prepayment meters usage was significantly different. AM enquired if Xoserve would be able to sketch out the ALP profiles by AQ sub bands, however the value of this data was challenged and not clearly required to progress Modification 0451. **Complete**

0451/03: Business Rules - Xoserve to produce some example scenarios demonstrating how the election/reconciliation processes might work.

Update: Item superseded. **Closed**

0451/04: Business Rules - All parties to consider control measures/sanctions to be included to prevent/reduce any perceived opportunities for inappropriate behaviour.

Update: Item superseded. **Closed**

0451/05: Xoserve to consider the ability to create a transitional arrangement modification with the functionality to reconcile on actual reads either with a twelve month implementation systemised solution or wait until Nexus individual reconciliation.

Update: Item superseded. **Closed**

2.0 Workgroup Report

FC provided a document illustrating Pre-payment meter analysis based on 2009/10 data, subjected to a typical British Summer/Winter. FC explained that Xoserve do see a movement year on year. The Workgroup concluded from the document that the evidence was consistent with the hypothesis that prepayment meters have a flatter profile. However some concern was expressed about developing a profile based on one year's data and that this may not be as reflective compared to the normal practice of using three years, smoothed, data. TD highlighted that the proposed solution is for Xoserve to build an alternative profile for pre-payment meters based on data submitted to them – be that for one year or more.

It was considered whether the proposed profile for pre-payment meters should be developed per LDZ or be a national profile. FC explained that Xoserve could undertake either. If data is not available for each LDZ, a national profile could be devised with an appropriate weather correction. CB was concerned about skewing profiles using data only applicable to one LDZ and that this may make the accuracy of allocations worse. It was agreed that Xoserve would review the production of profiles and determine the appropriate way forward given the available data and time to analyse it.

The Workgroup considered the extent of sites impacted by the modification and the ability to build profiles for the Workgroup to consider: it was emphasised that Xoserve would require daily consumption data for prepayment meters or smart meters in prepayment mode in order to create a profile.

AM queried the use of existing system flags to identify prepayment meters. DA believed that Xoserve would be required to take an extract from the system to identify the prepayment sites to be included based on the existing flag, and it would be the Shippers responsibility to provide monthly data on smart meters operating in prepayment mode – as well as ensuring the prepayment meter flag is suitability populated.

The Workgroup then discussed the Business Rules and suggested a number of amendments. *Post Meeting Note: A revised Modification capturing the changes was published on 03 July.*

The Workgroup considered removing the Business Rules surrounding Meter Reading since this would not alter from the current obligations. JD challenged the safeguards the industry would have in place and wondered, for example, if a reduced must read period would be advantageous. The Workgroup considered any perverse incentives and the potential switching between prepayment and credit meters to manipulate costs. HC explained that typically pre-payment customers do not normally switch between pre-payment and credit meters unless there is a change in tenancy. DA highlighted the requirement on suppliers to

inform customer of tariffs that may be cheaper for them and that behaviours may change. The Workgroup considered what reporting may be required to monitor activity and provide assurance.

JK expressed concern about Business Rule 9 where there is a change of shipper and how the credits are managed for the month. It was clarified that the credit only relates to the adjustment based on the prepayment profile, not all charges, and would be based on the Shipper as at 15th of each month.

The Workgroup considered the development and on-going costs. DA confirmed that an indication of Xoserve costs would be provided once there was stability in the business rules.

The Workgroup considered early production of the PPM profile and the recovery of Xoserve's costs if the modification was not implemented. It was agreed that the early production of the profile would be beneficial for the decision-making process rather than being provided after an Ofgem decision. JD also suggested it would be beneficial to illustrate the variants between the two profiles to allow a comparison and judgement on the benefit of implementing the modification. JD confirmed Ofgem would be relaxed about the recovery of the profile developmental costs pre-implementation as there was benefit in providing the data both to inform consultation responses and to support Ofgem's decision.

Ofgem confirmed their preference for the Workgroup to consider the Legal Text as part of the Workgroup Report. ARS confirmed the Business Rules would be forward to the Northern Gas Network Legal representative on the understanding that the business rules were largely agreed.

The Workgroup considered the relevant objectives, and particularly retrospection and the proposed scope of the modification covering prepayment customers only. TD highlighted that alternative modifications could be raised with the scope amended to be low consuming meters, or to exclude any retrospective elements. HC confirmed that 0451 will not be changed. CB offered to consider raising an alternative that excludes retrospection if this would be helpful, and JD indicated that Ofgem would welcome alternative approaches being explored.

2.1. Timetable

The Workgroup considered the timetable. JD explained there would be no issue with the urgent timetable being flexed so long as the implementation target would not be compromised. The Workgroup agreed a programme of potential meetings - see 4.0 – that will be held as necessary, with the next meeting being dependent on the provision of legal text.

2.2. Next Steps

At the next meeting the Workgroup will consider:

- legal text;
- proposed PPM profile;
- any alternatives that may have been raised; and
- finalising the Workgroup Report.

3.0 Any Other Business

None raised.

4.0 Diary Planning for Workgroup

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Wednesday 17 July 2013, at Consort House, 6 Homer Road, Solihull B91 3QQ (subject to provision of legal text).

Tuesday 23 July 2013, at Consort House, 6 Homer Road, Solihull B91 3QQ.

Wednesday 31 July 2013, at Consort House, 6 Homer Road, Solihull B91 3QQ.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0451/01b	11/06/13	1.2	Xoserve to provide data on low consuming customers form EUC Band 1B	Xoserve	Complete
0451/03	29/05/13	2.0	<i>Business Rules</i> - Produce some example scenarios demonstrating how the election/ reconciliation processes might work.	Xoserve	Closed
0451/04	29/05/13	2.0	<i>Business Rules</i> - All parties to consider control measures/sanctions to be included to prevent/reduce any perceived opportunities for inappropriate behaviour.	All Parties	Closed
0451/05	11/06/13	2.3	Xoserve to consider the ability to create a transitional arrangement modification with the functionality to reconcile on actual reads either with a twelve month implementation systemised solution or wait until Nexus individual reconciliation.	Xoserve	Closed